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6 June 1978

MEMORANDUM FOR THE RECORD

FROM: [REDACTED]

Chief of Operations, PTOS

SUBJECT: Office of Security Oversight of Industrial Security Program (S)

1. (C) On 5 June 1978, I attended the monthly meeting of the Industrial Security Officers assigned to the Agency procurement program. [REDACTED] presided in the absence of [REDACTED] who was conducting inspections at five contractor sites in the southern portion of the country.

[REDACTED]

4. (U) A new classification guide^{*} designed for inclusion in Request for Proposal (RFP) guidelines was discussed. Drafted by OL/SS at the request of the D/OL, it is being coordinated with the Contracting Officers and the Technical Representatives.

5. (S) The RFP area represents one of the biggest problems at this time. Due to the expressed policy of ensuring widespread opportunity for competition, many new contractors are appearing who have no history of any

** Subsequent to the meeting, I learned that the DDA had put a 16 June deadline for completion of this item in his memo to the DCL. I have*

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government clearances -- Agency or DOD. Clearing and briefing them is an increasing security manpower drain, e.g., OTS has come 180 degrees from sole source to RFP conferences involving as many as 10 companies.

OL/SS will start keeping statistics on these new contractors in order to get across to management a picture of these additional requirements. At this time only New Sources, i.e., contractors who have been awarded contracts, are recorded.

There is a built-in invitation to defeat the spirit of the competition requirement if a security officer paints too bleak a picture as to the time involved in clearing and briefing new contractors for RFP purposes. ISB should make sure our RFP clearance and briefing requirements are reasonable, clear and uniform.

6. (C) An initial cut has been taken at dividing Agency program contractors into two categories of sensitivity with the aim of inspecting the more sensitive sites ("A" category) one or more times each year and doing the less sensitive sites ("B" category) at a slower pace. It looks now as if Category A contractors will constitute 20% of the current total of contractors in the Agency program [REDACTED]

OL/SS will revise its current, broadly-phrased MBO which sets a goal of completion of inspections of at least 85% of all contractor sites each year. At the end of the second quarter of FY 78, 16% of the total number of contractor facilities have been inspected.

The initial compilation of Category "A" sites gave [REDACTED] ORD responsibility for [REDACTED]

This number exceeds the combined total of Category "A" sites initially identified for OSO, OTS, and NFAC. This apparent imbalance should be reviewed in six months to see whether too much responsibility is being placed upon the ORD Area SO/ISO incumbent.

7. (S) [REDACTED] expressed concern about a situation which has arisen at [REDACTED] where OTS has a special segregated work area for its contracts. An unknown number of people working in this area are also now involved with [REDACTED] and are being polygraphed because of that involvement. [REDACTED] has learned from OD&E/SS that one middle-management individual

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has refused to take a polygraph test, and OTS, although taking no action, is waiting to see what will happen to the individual vis-a-vis the OTS contract, where he performs work at the SECRET level.

PSI policy in this and other cases where the "keyman" polygraph testing program also impinges on Agency programs of lesser sensitivity would be of interest to all Industrial Security Officers.

2 A 8. (C) [REDACTED] reported that he is working with OWI on a Zero Based SI/TK structure for about 20 contractors. He has asked them to give the name; position; task under the contract; reason SI/TK is needed; whether he holds SI/TK with any other government agency; and whether he holds [REDACTED] clearances. Responses have been received from almost all addressees, with some notable exceptions such as [REDACTED] Results have been gratifying, with hundreds of SI/TK billets being surrendered. He is now checking the returns with CIB and will then coordinate the listings with the appropriate Tech Reps before attempting further reduction. 2 1A 2 1A

25 A 9. (C) [REDACTED] provided me with new LOI's on the positions of Chief, Deputy Chief, and each member of the Security Staff, Office of Logistics. New LOI's are being prepared on the ISO's assigned to decentralized procurement teams.

These LOI's will have to be formally reviewed by this Office in order to recommend any changes, additions, or clarification that may be desired. 2 A

25X A 10. (U) It has not been an easy year. The Agency program has lost three veterans -- [REDACTED]

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